



**National Association of Electricity Consumers for Reforms, Inc. (NASECORE)**  
No. 10 Bayside Court Compound, 680 Quirino Ave., Tambo,  
Parañaque City 1700 Philippines  
Phone No.: +63.2.8530731  
TeleFax No.: +63.2.8530732  
<http://www.nasecore.com.ph>  
eMail: nasecore2003@yahoo.com

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**HON. ZENAIDA CRUZ-DUCUT**  
*Chairperson, Energy Regulatory Commission*  
16<sup>th</sup> Floor Pacific Center Bldg.  
San Miguel Avenue, Pasig City

**Dear Chairperson Ducut,**

Greetings!

We are glad that Meralco finally yielded to a COA audit in compliance with the directive of the Supreme Court to the Commission under G.R. No. 166769 and Energy Regulatory Commission vs. Genaro Lualhati, et al., G. R. no. 166818, promulgated on December 6, 2006 "to request COA to undertake a complete audit on the books, records and accounts of MERALCO relative to its provisionally-approved rates".

In line with this said COA audit, please consider our proposals, which we hope the Commission will endorse to COA for its consideration, as follows:

1. The test year to be used be 2000 for its assets valuation as this was the test year used in the ERC-approved rate unbundling application of Meralco,
2. The subject period coverage of the audit be from June 2003 to May 2008 as these were the period upon which the approved rates were implemented,
3. The historical cost and not the appraised value of the assets should be used in determining the Return on Rate Base (RORB).

Further, may we request copy of the former ERB's provisional authority granting Meralco a provisional increase of P18.4/kWh which took effect in 1995 and its decision/order in 1997 for Meralco to refund the amount of P0.167/kwh as the COA report found that Meralco was given more than what it was entitled to?

These ERB Decisions/Orders will help us reconcile facts and data for our better appreciation of the current rates of Meralco.

We look forward to the Commission's usual support and cooperation in promoting consumer interests.

Thank you and God bless.

Very truly yours,

**PETE L. ILAGAN**  
*President*